

House of Commons
Committee of Public Accounts

**OPRA: TACKLING THE
RISKS TO PENSION
SCHEME MEMBERS**

Fifteenth Report of Session 2002–03

*Report, together with
Proceedings of the Committee, Minutes of
Evidence and an Appendix*

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Committee of Public Accounts

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Contacts

All correspondence should be addressed to The Clerk of the Committee of Public Accounts, Committee Office, 7 Millbank, London SW1P 3JA. The telephone number for general inquiries is: 020-7219-5708. The Committee’s e-mail address is: pubacom@parliament.uk.

Footnotes

In the footnotes of this Report, references to oral evidence are indicated by ‘Q’ or ‘Qq’ followed by the question number; references to the written evidence are indicated by the page number as in ‘Ev’.

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FIFTEENTH REPORT

The Committee of Public Accounts has agreed to the following Report:

OPRA: TACKLING THE RISKS TO PENSION SCHEME MEMBERS

INTRODUCTION AND LIST OF CONCLUSIONS AND RECOMMENDATIONS

1. Employees contribute to work-based pension schemes arranged by their employers in order to receive an income once they have retired. There has been increasing concern in recent years about the provision of such pensions. This concern has arisen from a number of factors, including the effect of an ageing population, falls in the Stock Market and changes to the benefits offered by some company schemes. These developments coincide with Government measures aimed at increasing the proportion of people's post-retirement income from non-State pensions, including work-based pensions.

2. The Occupational Pensions Regulatory Authority (Opra), the main regulator of work-based pensions, was established under the Pensions Act 1995, in the wake of the Maxwell pensions scheme case. Its role is to ensure that the trustees, advisers, administrators and companies involved with work-based pensions comply with relevant legislation. Opra therefore has an important role to play in maintaining public confidence in work-based pension provision, and in ensuring that the main risks to members of work-based pensions are addressed.

3. On the basis of a Report by the Comptroller and Auditor General, we took evidence from Opra and the Department for Work and Pensions (the Department) on 16 December.¹ On 17 December, the Department published its Quinquennial Review of Opra and a Green Paper on pensions policy, both of which included recommendations that the Government should transform Opra into a new kind of pensions regulator. In the light of the Comptroller and Auditor General's report, we considered the regulatory framework under which Opra currently operate and how Opra and the Department have implemented this framework; Opra's approach to breaches of pensions legislation; and the development of a new kind of regulator.

4. Our main conclusions are:

- **Opra and the Department have been slow to develop objectives and tackle legislative constraints and as a result have failed to address major risks to pension scheme members.** In contrast to the legislation governing other regulators, the current regulatory framework does not set out Opra's objectives or functions, which has made it difficult for Opra to operate effectively. Only in 2002 did Opra and the Department agree objectives that set out what Opra were intended to achieve. Nor did they analyse the key risks to pension scheme members, such as theft and maladministration, so as to determine what checks it should have in place. Doubts about the scope of Opra's powers were not pursued, for instance its inability to require information on schemes about such risks as inappropriate trustees or lack of professional advisers.
- **Opra did not consider that it could be sure of preventing another Maxwell case.** Opra was set up in the wake of the Maxwell case, but has largely limited its work to tackling reports of procedural breaches of the Pensions Act 1995. While reports of this kind might alert it to possible theft once it has occurred, Opra has made little progress in developing an approach that would more actively seek out schemes where the risks are greatest.

¹ C&AG's Report, *Opra: Tackling the risks to pension scheme members* (HC 1262, Session 2001–02)

- **Opra has done little to check the suitability of trustees or the appointment of advisers to pension schemes.** It was unclear about its powers to do so, even to discover whether trustees have criminal records. The regulatory framework relies on scheme trustees and their professional advisers to protect members' interests. Opra should institute appropriate checks on the appointment of scheme trustees and their professional advisers, and work with the Department to clarify and, if necessary, strengthen its powers to do so.
- **Opra has focussed on trivial cases.** Opra has been overwhelmed by mostly minor breaches of the Pensions Act. For example, over 60% of the 56,000 cases investigated by Opra concerned late payment of pension contributions, but over half of these were only 10 days late.

5. Our more detailed conclusions and recommendations are as follows:

Implementing the current regulatory framework

- (i) Opra should now agree objectives with the Department, and adopt a strategy that addresses the most serious risks. As the Department develop new pensions legislation, they should be clear as to what the legislation and the regulator are intended to achieve.
- (ii) There are gaps in Opra's powers to demand information, and even to check whether a new auditor has been appointed. The absence of an explicit power to require information does not mean that nothing can or should be done, however, and in such cases Opra should be seeking the information it needs on a voluntary basis.
- (iii) Opra has tried to address some of the gaps it perceives in the regulatory framework. For example, it sought to expand the information obtained by the Pension Schemes Registry from pension schemes, but the Department's interpretation of the law was that Opra could not use the Registry for regulatory purposes. A register of pension schemes is of limited use without such basis details as trustee addresses and scheme auditors, and this position should not have been allowed to persist for so long. The Department should work with Opra to find a way of obtaining information to gain a clearer overview of schemes as a whole, proposing legislative change if necessary.

Opra's focus on trivial breaches of pensions legislation

- (iv) In the five years to 2002 Opra has dealt with over 56,000 reported breaches relating to occupational pensions alone, and even more relating to personal pensions. Few of these reports reflected a material risk to scheme members. These large numbers reflect guidance to pensions professionals that all breaches should be reported rather than defining material breaches of the legislation. Opra should reduce the number of unimportant reports by issuing new guidance that conveys more clearly to pensions professionals what it considers to be a material breach.

The development of a new kind of regulator

- (v) The Quinquennial Review of Opra has recommended that the Department and Opra develop a new kind of regulator and draw up an implementation plan for the transition. The Review also recommends a new legislative framework. Opra and the Department should prepare and publish an early implementation plan, showing how gaps in Opra's powers can be filled.

- (vi) Opra is seeking to differentiate between the risks to the members of different types of pension scheme. It is important that the regulator's actions are proportionate to the risks so that high risk schemes receive much greater scrutiny without unduly burdening schemes that are well-run. The Department and Opra should develop an approach that uses better information about individual schemes to categorise them, and enable the regulator to oversee the highest risk schemes closely and intervene promptly.
- (vii) It is important that the regulator should be able and willing to protect the interests of pension scheme members when companies merge or are taken over, and stamp out the "liberation" of pensions, where people are persuaded to sell their entitlement to their pension. The new regulator should have the flexibility to tackle these and similar developments as they emerge.
- (viii) Many pension schemes have been closing to new members, reducing the benefits they provide, or are insufficiently funded to meet all members' entitlements if they are wound up. Many scheme members are concerned about the security of their retirement income and others may be making insufficient provision. Opra has little role at present in tackling these concerns, since its focus is on the way pension schemes are governed, but its expertise could be used to inform the future of pensions provision. A new regulator would be more effective with a wider-ranging role in advising the Government on pensions-related issues in general, such as the closure of schemes with insufficient assets to meet their commitments to all members, and educating employees and trustees on how to make pension choices.

IMPLEMENTING THE CURRENT REGULATORY FRAMEWORK

6. The current regulatory framework for pensions in the United Kingdom is provided by the Pensions Act 1995, which was passed in the wake of the Maxwell case of the early 1990s. That case, which involved the use of pension scheme assets to finance the business operations of companies owned by Robert Maxwell, raised serious concerns about the security of pension assets and the effectiveness of trustees. The Act set out the duties of trustees, advisers and companies with respect to occupational pension schemes, and established the Opra as the regulator of pension schemes. Opra is a non-departmental public body sponsored by the Department for Work and Pensions.²

7. The Act does not give Opra any objectives or define its functions. This Committee has examined a number of regulators in recent years, including the Office of Water Services, the Office of Gas and Electricity Markets and the Postal Services Commission.³ In contrast to Opra, each of these regulators is guided by the objectives established under legislation. There was a conscious decision not to include objectives in the Pensions Act, but rather to lay down precise codes of conduct for the pensions industry, and to invite Opra, as regulator, to proceed with enforcing them. The Department now believed that consolidated and simplified legislation would help, because existing legislation was difficult for people to understand and imposed burdens on business.⁴

8. For the members of pension schemes to have confidence in the security of their pensions, they need to have confidence in the regulatory arrangements. Opra said that it could not prevent every case like the Maxwell case though it might be able to do so earlier

² C&AG's Report, paras 1, 1.4

³ For example, Committee of Public Accounts: 8th Report, *Office of Water Services (OFWAT): Leakage and water efficiency* (HC 397, Session 2001–02); 11th Report, *Office of Gas and Electricity Markets: Giving Domestic Customers a Choice of Electricity Supplier* (HC 446, Session 2001–02); and 31st Report, *Postcomm: Opening the Post* (HC 632, Session 2001–02)

⁴ Qq 24, 62

than in the past. It had, however, been effective in doing what Parliament had asked it to do, which was to improve standards of governance. Opra would expect also find out about the case because the actuary, the auditor and probably some of the trustees of the scheme would now be more likely to blow the whistle. It could not prevent all cases of theft, and there could well be cases of theft that the regulator did not spot.⁵

9. The regulatory framework established by the Act comprised three lines of protection for members of pension schemes. The trustees of each scheme represented the first line of protection. If these trustees did not know what they were doing, or they committed a breach of pensions legislation, then professional advisers, such as actuaries, accountants and investment managers, offered a second line of protection. These advisers would speak to the trustees and would offer them proper advice. If there was a clear breach of pensions law, then the advisers would report to Opra, who constituted the third and last line of protection. Opra had therefore relied on reports from trustees and advisers.⁶

10. There are gaps in Opra's ability to regulate the first two levels of protection:

- for trustees, the Pensions Act did not specify the general duties of trustees to act in the interests of pension scheme members.⁷ Nor did Opra carry out any detailed checks on the suitability of people who become trustees, beyond requiring them to declare that they should not be disqualified from serving.⁸ While Opra could fine trustees for failing to prepare pension scheme accounts or appoint auditors, it believed that it had no explicit power to intervene again if the trustees did not correct the breach of pensions legislation.⁹
- Opra lacked the power to confirm that pension schemes had appointed key advisers. It did not think that the Pension Scheme Registry, which maintained a record of all the pension schemes in the United Kingdom, could directly ask pension schemes for the name of their actuaries or auditors. Nor did Opra have the explicit power to check whether a new auditor had been appointed, even when they were aware that the existing auditor had resigned.¹⁰

11. To avoid creating an overly intrusive form of regulation, decisions were taken when Parliament passed the Act not to provide some of these powers that appear to be missing. There were around 240,000 trustees in the United Kingdom and Opra was wary of imposing excessive burdens on them. It preferred to rely on producing guidance for trustees. Furthermore, there had not been a high level of misconduct by trustees, with only three cases of losses to pension funds referred to the Pensions Compensation Board.¹¹

12. The lack of objectives in the Pensions Act need not have prevented Opra from developing its own objectives. But it did not start to develop objectives that set out what it was seeking to achieve until 2002, some six years after it was established, when it produced a draft of possible objectives as a starting-point for future discussion.¹² The Department expected new objectives to be set quickly now that the Quinquennial Review had been completed.¹³ **Figure 1** sets out the objectives proposed by the Quinquennial Review report.

⁵ Qq 5–6, 68–73

⁶ Qq 3–4

⁷ In legal terms, these duties are known as the “fiduciary” duties of the trustee – those duties of loyalty and good faith owed by a person who is in a position of trust in relation to another person.

⁸ Ev 12

⁹ Qq 28–31, 41

¹⁰ Qq 37, 39, 42

¹¹ Qq 30–34

¹² C&AG's Report, para 4.6

¹³ Q 65

Figure 1: The draft objectives of the pensions regulator

<p>The pensions regulator exists to:</p> <ul style="list-style-type: none"> • Protect the interests of “the consumer” (pension scheme members) • Promote good practice and sound administration in pensions – offering advice on regulatory matters • Educate, inform and support those who are seeking to comply with, or understand, statutory provisions which relate to pensions • Investigate, take action against or sanction, those who avoid, subvert or commit fraud against statutory provisions which relate to pensions • Engage actively with other pensions professionals and with government, raising the profile of pensions issues and, where appropriate, their own profile
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Source: *Report of the Quinquennial Review of the Occupational Pensions Regulatory Authority (December 2002)*

13. Opra explained its failure to develop objectives in terms of the learning process it had undergone since it was established. In 1996, it had had no clear idea about how well the pensions industry would comply with the requirements of the Act. So it had been cautious and investigated all of the reports that came to it. There had been successes, including releasing large sums of money to people by intervening in pension schemes which did not have any trustees to authorise payment, and improved governance of pension schemes in general. As its work expanded and the number of reports received increased substantially, Opra recognised that it was not focussing on the real risks to scheme members.¹⁴

14. In the absence of statutory objectives, Opra has adopted a cautious and restrictive view of its powers.¹⁵ The legislation set out in some detail what it could do, and so if nothing was said, it was cautious about its powers in that area. As a result, Opra had focussed effort into areas where its powers were clear, rather than formulating aims and objectives and then determining how it could use its powers to achieve them. Some of the more complicated issues with which it was dealing had been raised with the Department who considered, however, that the arrangements needed some time to bed down before making changes.¹⁶ For example, when Opra sought to expand the information collected by the Pension Schemes Registry, the Department advised that it could not use the Registry to collect or record information that would assist it in undertaking its regulatory functions.¹⁷ In the Department’s view, the Pensions Act provided Opra with a framework that was debated and discussed in Parliament, within which it had to operate. They had not given Opra more guidance because they had wished to avoid undue interference.¹⁸

15. In 2000, the Department agreed legislative changes which re-categorised late payment of pension contributions from being a criminal offence to a civil offence. The purpose of the change was to increase Opra’s flexibility and potential speed of operation in processing late payment cases. In agreeing the change, the Department had insisted that the decriminalised cases were to be treated with the same seriousness as criminal cases. So

¹⁴ Qq 2, 117

¹⁵ C&AG’s Report, paras 4.7–4.9

¹⁶ Qq 16, 46

¹⁷ C&AG’s Report, paras 4.9, 4.12

¹⁸ Q 13

the constraints on Opra's speed of operation remained, as staff had to look into a high volume of cases and submit more cases to the Opra Board.¹⁹

OPRA'S FOCUS ON TRIVIAL BREACHES OF PENSIONS LEGISLATION

16. In the five years to March 2002 Opra received more than 56,000 reports of breaches of pensions legislation (**Figure 2**). Of these reports, 64% related to late payment of contributions to occupational pension schemes. The remainder arose from a variety of breaches, including late preparation of accounts and failure to appoint statutory advisers. The situation in the Republic of Ireland, which operates a similar occupational pensions regime to the United Kingdom, offers a striking contrast, with only 48 reports to the regulator, the Pensions Board, between June 1996 and September 2002.²⁰ In Opra's view, it had received under 50 really serious reports, and many of those had been closed without punitive action, as had been the case in the Irish Republic.²¹

Figure 2: Occupational pension scheme breaches reported to Opra since 1997-98

Type of breach of Pensions Act 1995	97-98	98-99	99-00	00-01	01-02
Pension contributions paid late	4,447	7,734	7,372	6,609	6,697
Breaches of audit requirements	223	2,903	3,152	1,707	1,571
Breaches relating to the minimum funding requirement	32	302	614	741	451
Requests for Opra to appoint trustees	375	559	525	792	868
Failure to appoint statutory advisers	1,272	370	275	217	408
Other reports (statement of investment principles, internal dispute resolution)	3,214	1,239	671	644	810
Total	9,563	13,107	12,609	10,710	10,805

Source: *Comptroller and Auditor General's Report, Figure 13*

17. As a result of processing this large volume of cases much of Opra's work has focused on trivial breaches of pensions legislation which posed little direct risk to the interests of pension scheme members. For example, in over 50% of reports relating to late-payment the cases were overdue by 10 days or less, while in 25% of all cases investigated by Opra the breaches had been rectified by the time of the report or within two months of the statutory deadline.²²

18. The cases reported to Opra originate from professional advisers such as auditors and actuaries, who produce 35% of all reports, and trustees, who produce 39% of all reports. The remaining reports come from insurance companies, administrators, pension scheme members and others. Opra has done little to give guidance to those involved with pension schemes on what issues to report. Opra may have compounded its lack of guidance by taking a tough line on professional advisers who fail to report breaches of pensions legislation to Opra, inducing professional advisers to report any breach of legislation, regardless of how material it might be.²³

¹⁹ C&AG's Report, para 3.21; Qq 90-91, 95, 98

²⁰ C&AG's Report, para 3.21 (2nd bullet)

²¹ Q 67

²² C&AG's Report, paras 3.22, 3.26

²³ *ibid*, Figure 15 and para 3.21 (2nd bullet)

19. Opra's first output was guidance for auditors and actuaries on reporting contained in a guidance note called Opra Note 1. Opra said it ought to refine that guidance to be clearer on the issues that should not be reported, those which would have an amber light and those that definitely had to be reported.²⁴

20. The UK pensions system is a voluntary framework and occupational pensions are not a mandatory requirement for companies. The greater the impositions placed on the voluntary sponsor of a pension scheme, the greater the risk of the sponsor closing the pension scheme. Opra believed, however, that its detailed approach to regulation, including investigation of what appeared to be trivial cases, had not contributed to the decline of occupational pensions. The actions required of pension schemes were those that a well-administered scheme would take anyway. Other changes, such as falling stock markets and the introduction of different accounting standards, had led to a rapid change of circumstances for some occupational pension schemes.²⁵

21. Opra has relied on reports from trustees, professional advisers and others to provide it with information on individual pension schemes. It has received reports in respect of only 25% of pension schemes, so that it has had no contact with 75% of schemes. It conducted only limited surveys until 2002. While Opra has processed a large volume of cases, it has not obtained a comprehensive knowledge of the degree of compliance with pensions legislation in the United Kingdom.²⁶ Opra said that the Pension Scheme Registry, which held the name and address of every pension scheme, was not required to assist it as regulator and had in practice given it little assistance. For example, the Registry did not record the auditors, actuaries or hold the addresses of the trustees for each pension scheme. Opra would like the Registry to be given a role of assisting it with its regulatory functions, including the collection of details about scheme auditors, actuaries and trustees.²⁷

THE DEVELOPMENT OF A NEW KIND OF REGULATOR

22. There have recently been a number of reviews of the system of work-based pensions in the United Kingdom. These include the Pensions Simplification Review, the Department's Quinquennial Review of Opra, and the Department's Green Paper on occupational and personal pension policy. The report of the Pensions Simplification Review in July 2002 called for a new kind of regulator for work-based pensions.²⁸

23. The Quinquennial Review recommended acceptance of this proposal. It further recommended that the pensions regulator should continue to operate at "arms-length" from Government, and that the current pensions environment and public expectation suggested that a proactive regulator was needed, with a revised legal framework. To implement these and other recommendations it proposed that the Department should work with Opra to produce an implementation plan for the work needed in the transitional period until the new regulator was established.²⁹

24. In planning for a new regulator the Department and Opra will need to consider what risks the new regulator should address and with what instruments. The Comptroller and Auditor General's report identified the main risks to pension scheme members arising from the way their pension scheme is run (**Figure 3** below) and the gaps in the controls that Opra

²⁴ Q 9

²⁵ C&AG's Report, paras 3.31–3.32; Qq 12, 23

²⁶ Q 3

²⁷ Qq 54–56

²⁸ C&AG's Report, para 1.24 and Appendix 4, paras 5–6

²⁹ Department for Work and Pensions: *Report of the Quinquennial Review of the Occupational Pensions Regulatory Authority* (December 2002)

could or does apply to tackle these risks. For instance, if scheme accounts are not prepared, the Act appears to give Opra no remedy to take further action beyond a one-off fine.³⁰

Figure 3: Summary of governance-related risks to pension scheme members

<ul style="list-style-type: none"> • Misappropriation of pension scheme assets • Funds are insufficient to provide pension scheme members with the benefits that they could reasonably expect due to: <ul style="list-style-type: none"> ➤ Insufficient contributions to the scheme ➤ Inadequate or inappropriate investment ➤ Unwarranted delays and costs in winding up schemes • Incorrect benefits accrue to scheme members in due course • Scheme members lose track of pension schemes or vice versa
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Source: *Comptroller and Auditor General's Report, Figure 2*

25. The Department and Opra also need to ensure that the new kind of regulator has clearer powers than Opra, and that the gaps in Opra's existing powers are clarified. We proposed to the Department that the new regulator ought to have the powers in **Figure 4** below.³¹

Figure 4: Proposed powers for a new pensions regulator³²

➤ The power to establish whether a pension scheme has an auditor and an actuary;
➤ The power to investigate whether trustees are fit and proper people;
➤ The power to refuse or revoke appointment of trustees not found to be fit and proper people;
➤ The power to review details of a fund's investments and to dismiss trustees where the fund has invested in the sponsoring employer;
➤ The power to interview under oath auditors who have resigned;
➤ The power to appoint auditors and actuaries where the trustees refused to do so;
➤ The power to investigate whether any employee contributions have been paid to the fund on time; and
➤ The resources and powers to enforce all the above rights as necessary.

26. The Department broadly agreed with this list and noted that many of the powers were partially available to Opra, though not in full and not completely enforceable. They did, however, suggest that it was questionable how far a regulator of a voluntary trustee-based type of pension scheme (para 20 above) could monitor detailed investments by schemes.

³⁰ C&AG's Report, para 2.9 remedial controls (2nd bullet)

³¹ Qq 75-79, 103-110

³² Qq 75-79

They also thought that there would need to be some kind of framework for the circumstances in which the regulator would have that power to impose trustees.³³

27. The Department envisaged that a new regulator would focus on the areas of particular risk and move away from regulating all pension schemes, regardless of size and administrative arrangements, in the same way. Opra had, in consultation with the Department, been developing a risk framework looking at the characteristics of schemes most likely to give rise to bad governance and loss of funds. Risk had to be assessed in relation to each type of pension scheme. In a small insured scheme, the assets could generally be relied upon since they were usually held by an insurance company. Medium-sized schemes, where the assets were invested in some other way, presented a bigger risk than large schemes, which had several layers of administration and control. Opra was now seeking to identify the main risks facing pension scheme members, such as contributions not being paid into pension schemes, those contributions not being properly invested and not paying out the correct amount to retired members of the scheme.³⁴

28. Risks to pension scheme members have emerged in several ways in recent years. Opra has been involved with 13 cases of “pensions liberation”, where individual pension scheme members transfer their right to receive a future pension, typically to a company specially set up for pensions liberation, in return for an immediate cash lump sum.³⁵ Opra described this type of scheme as pernicious as the cash lump sum was often worth much less than the fair value of the future pension rights. It was difficult to pin down, so Opra needed to work with other organisations, including the Inland Revenue, in order to stop it.

29. There were extra risks for members of pension schemes when companies were involved in mergers and takeovers, for instance where one scheme had been under-funded and another had a surplus. Opra had few powers to investigate the risks to pension scheme members in such cases and without some identification of the risks it was not sure that powers would be really useful. The Department thought that the regulatory framework should address this risk.³⁶

30. Current concerns about work-based pensions raise fundamental issues. The number of occupational pension schemes has fallen since 1998–99 (**Figure 5**). In addition, a number of occupational pension schemes have announced that they will close to new members. Others have announced that they will change the terms offered to members of the scheme, so that in place of a guaranteed retirement income based on defined benefits, members will receive an uncertain income based on defined contributions.³⁷ The National Association of Pension Funds annual survey, published in December 2002, reported that the number of major defined benefit schemes which had closed to new staff had nearly doubled over the last year. In addition, the number of schemes which had moved fully from defined benefit to defined contribution had also doubled.³⁸

³³ Qq 75–79, 103–104

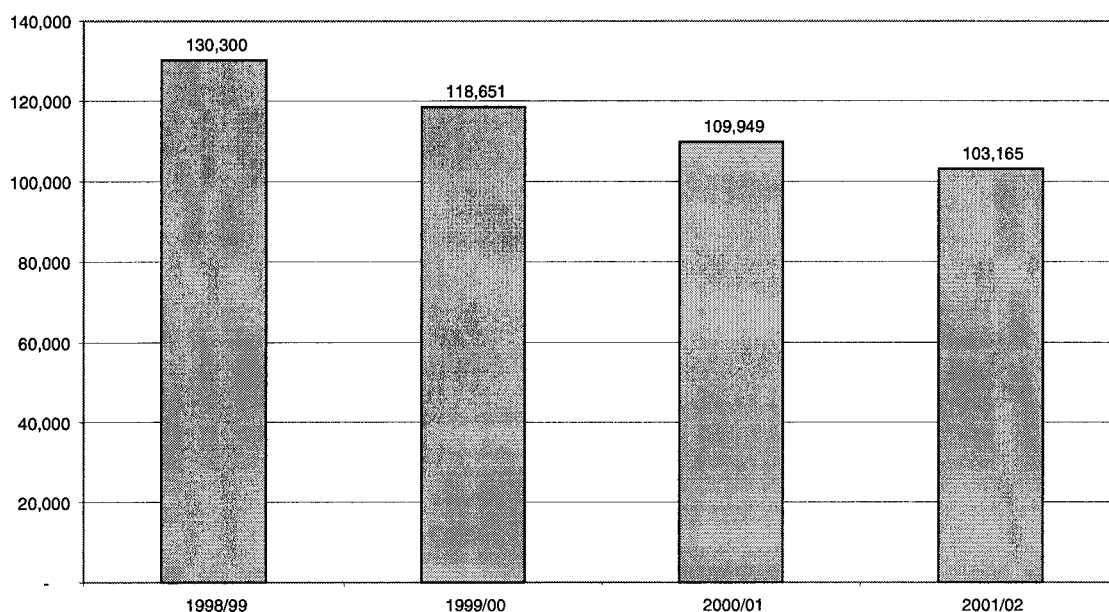
³⁴ Qq 1, 15, 48, 102

³⁵ Q 111; C&AG’s Report, para 4.13

³⁶ Qq 80–86, 111–114

³⁷ C&AG’s Report, Figure 4 and para 1.22

³⁸ National Association of Pension Funds press release, 11/12/02; *Survey reveals further decline in pension saving* (www.napf.co.uk)

Figure 5: The number of live occupational pension schemes 1998–99 to 2001–02

Source: *National Audit Office*

31. A particular concern for members of pension schemes, including those of large companies, is that their scheme proves to be under-funded. There are fears, sometimes justified, that members will not receive anything like the pension they expected. Opra considered that under-funded schemes posed the most difficult issue of all, though it had only become serious in the last three years or so. It was not, however, possible for a regulator to force employers to pay money into pension schemes that were under-funded. The Department added that it was questionable whether the statutory minimum funding requirements for schemes were an effective or well balanced way of avoiding under-funding. The Government had made clear its intention to move towards a regime which established funding standards on the basis of the specific characteristics of each scheme (a ‘scheme specific’ funding regime).³⁹

32. Opra acknowledged that there were some existing pension scheme members who would retire with less than they needed to live on, and that these people would have to rely on the state for support. The regulator ought to play a role in helping people understand the risks in any kind of saving and in increasing understanding among those who run schemes—trustees and employers—about their obligations.⁴⁰ This new advisory role need not duplicate the work of independent financial advisers. The regulator should regulate, but there was also a role for the regulator to educate: that is, explain to trustees and employees the advantages and disadvantages of having different kinds of schemes. Pension choices were insufficiently clear or simple, and addressing this issue was an important priority for the future.⁴¹

³⁹ Qq 19, 23

⁴⁰ Q 10

⁴¹ Qq 10, 42, 101

MINUTES OF PROCEEDINGS OF
THE COMMITTEE OF PUBLIC ACCOUNTS

SESSION 2002–03

MONDAY 16 DECEMBER 2002

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon	Mr David Rendel
Mr Frank Field	Mr Gerry Steinberg
Mr George Howarth	Mr Alan Williams
Mr Brian Jenkins	

Sir John Bourn KCB, Comptroller and Auditor General, was further examined.

The Committee deliberated.

Mr Rob Molan, Second Treasury Officer of Accounts, was further examined.

The Comptroller and Auditor General's Report on Opra: Tackling the risks to pension scheme members (HC 1262, Session 2001-02) was considered.

Mr Paul Gray CB, Second Permanent Secretary and Managing Director, Pensions and Disability, Department for Work and Pensions, was examined; and Mrs Harriet Maunsell OBE, Chairman, and Mr Tony Hobman, Chief Executive, Occupational Pensions Regulatory Authority, were examined (HC 189-i).

* * * * *

[Adjourned until Wednesday 18 December at Four o'clock.

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MONDAY 31 MARCH 2003

Members present:

Mr Edward Leigh, in the Chair

Geraint Davies	Mr Gerry Steinberg
Mr Nick Gibb	Jon Trickett
Mr David Rendel	Mr Alan Williams

Sir John Bourn KCB, Comptroller and Auditor General, was further examined.

The Committee deliberated.

Mr Brian Glicksman, Treasury Officer of Accounts, was further examined.

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Draft Report (Opra: Tackling the risks to pension scheme members), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 4 read and agreed to.

Paragraph 5 postponed.

Paragraphs 6 to 32 read and agreed to.

Postponed paragraph 5 read and agreed to.

Resolved, That the Report, as amended, be the Fifteenth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

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[Adjourned until Wednesday 2 April at half past Three o'clock.]

REPORTS BY THE COMMITTEE OF PUBLIC ACCOUNTS
SESSION 2002–03

		Publication Date
1	Collecting the Television Licence Fee (HC 118)	18/12/02
	Government Reply (Cm 5770)	06/03/03
2	Dealing with pollution from ships (HC 119)	09/01/03
	Government Reply (Cm 5770)	06/03/03
3	Tobacco Smuggling (HC 143)	10/01/03
	Government Reply (Cm 5770)	06/03/03
4	Private Finance Initiative: redevelopment of MOD Main Building (HC 298)	30/01/03
	Government Reply (Cm 5789)	10/04/03
5	The 2001 outbreak of Foot and Mouth Disease (HC 487)	14/03/03
6	Ministry of Defence: Exercise Saif Sareea II (HC 502)	12/03/03
7	Excess Votes 2001–02 (HC 503)	19/03/03
8	Excess Votes (Northern Ireland) 2001–02 (HC 504)	19/03/03
9	The Office for National Statistics: outsourcing the 2001 Census (HC 543)	26/03/03
10	Individual Learning Accounts (HC 544)	04/04/03
11	NHS Emergency Planning (HC 545)	16/04/03
12	Tackling Pensioner Poverty: encouraging take-up of entitlements (HC 565)	09/04/03
13	Ministry of Defence: progress in reducing stocks (HC 566)	11/04/03
14	Royal Mint Trading Fund 2001–02 Accounts (HC 588)	17/04/03
15	Opra: tackling the risks to pension scheme members (HC 589)	02/05/03